

Town Manager's FY18 Budget

-DRAFT Overview for the Board of Selectmen-

During the week of January 9th the Board will hear a lot of detail from the department heads about the proposed FY18 budget and how it will impact services levels. These discussions are scheduled to wrap up almost three weeks earlier than in a typical budget cycle in order that we leave that additional time for follow up discussion as needed.

As is typical in these January budget meetings, the department presentations to the Board are discussion based and meant to provide an open forum. I encourage Board members to participate in the same format typically seen nearer to the end of your meetings on interesting topics. While I understand as the Executive Branch you might have some reluctance to dive into operational issues, I see no harm in having that discussion. Please understand that we may need to be measured in our comments on topics that would be typically held in Executive Session – such as collective bargaining, HR issues, or public health and safety.

After we finalize the budgets, they will be sent to the Finance Committee in mid-February for their public review in March, and then they will send a budget to Town Meeting for discussion in late April.

Town Department Budgets

As shown in the next table, the Town Manager's FY18 budget for Town departments, shows a 1.4% overall increase from FY17. These Town department budgets include the 1.25% operating budget increase agreed to in the November 2016 Financial Forum, plus the accommodated costs presented at the time.

Note that for the second consecutive year the Facilities department has the highest level of spending. This is true of both the operating budget and the total budget which also has the impact of a 5% change in energy costs and is funded as accommodated.

Town Total Budgets	FY17	FY18	Change
Admin. Services	\$2,715,715	\$2,752,400	+1.4%
Public Services	1,641,575	1,633,125	-0.5%
Finance	790,550	805,050	+1.8%
Police	4,809,850	4,777,250	-0.7%
Dispatch	565,150	575,575	+1.8%
Fire & EMS	4,606,450	4,702,100	+2.1%
Public Works Dept.	3,352,480	3,362,575	+0.3%
DPW Snow, Rubbish, Street Lights	2,355,000	2,411,500	+2.4%
Facilities CORE	2,856,210	2,997,180	+4.9%
Facilities Town bldgs	286,890	299,935	+4.5%
Public Library	1,508,000	1,526,883	+1.3%
Total	\$25,487,870	\$25,843,573	+1.4%

The following Budget Highlights section will describe what changes are proposed to the FY17 budget for the FY18 budget. This is meant to allow you to easily understand the figures you see in the quantitative MUNIS report section for each department.

However it will be more important to listen to each department describe the qualitative aspects of their services and not simply consider year-over-year budget changes. For example, this budget proposes to eliminate one patrol officer in the Police budget – we had warned of either one or two in the summer public financial discussions. However the real impact on the department includes the additional staffing we should be hiring. We are still not at the staffing levels suggested by an independent study about 15 years ago. The community has experienced both residential and commercial growth since then. And the world is a very different place. I like the concept of zero-based budget in the private sector, but in the pure form it simply cannot work in the public sector.

Budget Background

Town management discussed the key organizational challenges of the next two budget years presuming no Override would be passed, and as was the conclusion in the Community Listening Sessions last summer the top concern was employee morale. Last summer we spoke of a need to eliminate about 8-9 town positions if we had no free cash to use in FY18. FINCOM has voted to allow free cash to effectively restore 40% of those cuts (\$1.2 million of the \$3 million operating gap), which cuts the need to reduce positions to about 5 FTEs.

We then set out to create an FY18 budget that would eliminate more than 5 FTE in order to minimize further staffing reductions in FY19. This budget eliminates 7.5 FTEs and also allows wage growth including COLA increases, a combination that helps employee morale. The FY18 budget will see over \$200,000 spent on one-time expenses that can be eliminated in FY19 as the mechanism to avoid further staffing cuts.

Further, the hiring freeze imposed by the Town Manager late last summer in advance of the Override vote means that vacant positions are the dominant source of eliminated positions, another plus for employee morale. Also consider that in recent years, while the town has added hours and very select positions (for example, full dispatcher staffing overnight), there was funding available to hire even more staff. Instead we choose to fund expenses, again to avoid eliminating positions in the future.

A fair topic of discussion in January is the town's practice to manage staffing levels so conservatively. On the one hand it may cover up the true cost of services, and place an undue burden of workload on fewer employees. But on the other it makes cuts less draconian. The balance of services, employee workload, employee morale, and community awareness is a very complex equation to try to solve.

Budget Highlights

Below is a list of the one-time costs shown in this budget, as well as other important footnotes to review as you skim through the budget/quantitative pages. The qualitative angle from department heads next week will fill in the rest of the story.

Administrative Services

1 – We are reducing by 50% the allocation to the Operations Specialist position. Some of this funding was held in case of an emergency involving our financial software for additional support for the Town Accountant, but some was other projects planned to integrate different technology packagers that had to be cancelled as a result of the overall financial condition. At present our retired Town Accountant and retired Human Resources Administrator are working on two different projects (technology and collective bargaining projects) for the town.

2 – We did not spend the entire allocation requested for non-union compensation, leaving about \$23,000 on the table in FY17. This will be an easy reduction for next year that will spare reducing any more staff hours. This was possible because wages for FY17 and FY18 will propose COLAs and not be zero.

3 – The ongoing budget for Town Counsel Services seemed to need a bump up – one of the few increases in this budget that should be considered to be permanent. The value received on the other side makes this a non-issue.

4 – A one-time \$40,000 expense for an upgrade to our MS Office software.

5 – A one-time \$30,000 expense to acquire several rugged field tablets for the DPW.

6 - A one-time \$10,000 expense to upgrade our Firewall.

7 – A one-time expense to do some electronic archiving of historical documents in the Town Clerk's office. This is actually a second such funding, the first efforts had fantastic results, and as funding might become available, more work would be ideal. You will soon see a proposal that will further this effort.

8 – A reduction from three budgeted elections to one budgeted election. This is an annual swing of up to \$50,000 in the town's budget, and now that we down to the baseline local election only in FY18 I will propose to FINCOM that additional state or federal elections be funded by the accommodated costs process. This will remove the \$50,000 volatility from the town budget process.

Public Services

9 – The PS office manager will reduce hours to a 0.5 FTE position.

10 – The funding for this clerical position moved into the planning division mid-year in FY17 and is shown as the Permits Coordinator.

11 – A new position called Administrative Specialist that the Assistant Town Manager will describe in more detail. This will be a partial replacement for the elimination of the Community Services Director position described below.

12 – A reduction in overtime for document scanning and a reduction in the use of the revolving fund now that is now aimed at economic development efforts. The scanning project is nearly complete and has been a significant success.

13 – Planned wages and offset for economic development are higher than needed solely for the Economic Development Director, in case more project work is needed. If it is not, both figures will be adjusted at April 2018 Town Meeting, with no impact on the general fund budget.

14 – An addition of economic development expenses, as well as the offset to pay for them.

15 – Increases to hours in the building department, due to very high levels of activity. Friday field inspection hours will now be regularly available instead of by appointment several days in advance only.

16 – The two lines for the Van Driver are combined.

17 – Because of our aging population, our state grant has increased, though not as much as originally proposed by the state's FY17 budget. Note that as will be described, public hours of the Pleasant Street Center will be reduced by one hour each day. In response to growing needs in the community, elder/human services staff often work late nights and weekends either on events and administrative work. The cut in hours to the public will reduce the need for staff compensatory time which often results in paid time, or time off when the organization needs to have the staffing.

18 – The elimination of the Community Services Assistant Department Head position. This is a significant blow to our effort to coordinate night-time government. That will be a topic to discuss during the budget wrap-up section on Thursday night.

19 – A part-time Recreation Coordinator is restored, needed in part because of the elimination of the position listed above. In past years the Recreation Revolving Fund has been used to fund a change such as this one, but after a discussion with the Town Accountant, this approach is preferred.

Finance

No changes or one-time expenses.

Police

20 – A rearranged command staff but no net changes in total employment.

21 – The elimination of one patrol officer. Two positions had been discussed last summer, but the use of Free Cash to balance FY18

changed the need to only one position. Note some of the saved funds are placed in to the OT account.

22 – Animal Control Officer hours restored (a FY17 budget transfer will be requested in April '17 as that position was not eliminated and regionalized). Efforts to do so with one of our neighboring communities have been abandoned, but another neighbor has expressed interest for next year. Hope springs eternal!

Fire

23 - A rearranged command staff but no net changes in total employment.

24 – Elimination of one firefighter position, as was discussed during summer budget meetings. The OT line has been increased.

25 – A one-time \$5,000 expense for radio battery replacements is added.

26 - A one-time \$6,000 expense for active shooter equipment is added.

Public Works

27 – Savings due to employee turnover.

28 – Elimination of a long-term Seasonal Worker in the highway division.

29 – A one-time increase in sidewalk repair funding.

30 – A late reduction in fuel costs. This change does not help balance the town budget since these are accommodated costs. The \$50,000 change was added to the capital plan, specifically in funding for the Permanent Building Committee.

31 – Extra hours budgeted due to an impending retirement (in cemetery and parks).

Facilities

32 – For every town and school building a 5% increase in the costs of utilities and water/sewer charges are assumed. These costs are also accommodated in the budget process.

33 – An increase of \$5,000 in order to accomplish some one-time painting projects, described below.

34 – A one-time expense of \$25,000 in town hall repairs and improvements, such as interior signage, painting and furniture.

35 – A one-time expense of \$25,000 to make safety improvements to the Police booking area.

36 – A one-time expense of \$10,000 in Pleasant Street Center repairs, including carpeting and furniture.

Note that as of this writing, the Superintendent, Town Manager and Facilities Director are discussing an option to add one Core staffing position that we believe would more than pay for itself (including benefits).

Library

The Library Trustees and Director will describe their budget. They took a slightly different approach in reducing expenses more than wages as they grow into a new and larger facility. However they also will propose less hours of service in FY18 to the public, and are poised to balance their budget to a +1.5% forecast amount in FY19 as needed.

Respectfully,

Bob LeLacheur
Town Manager
January 5, 2017

